

SERFF Tracking Number: AMLX-G128181198 State: Illinois  
 Filing Company: American Alternative Insurance Corporation State Tracking Number: AMLX-G128181198  
 Company Tracking Number: IL031450100057  
 TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0004 Community Health Centers  
 Made/Occurrence  
 Product Name: Hospice and Community Care Insurance Services Prog  
 Project Name/Number: 2012 Hospice GL/PL Rate Reviews & Forms/IL031450100057

## Filing at a Glance

Company: American Alternative Insurance Corporation

Product Name: Hospice and Community Care Insurance Services Prog	SERFF Tr Num: AMLX-G128181198	State: Illinois
TOI: 11.0 Medical Malpractice - Claims Made/Occurrence	SERFF Status: Closed-Filed	State Tr Num: AMLX-G128181198
Sub-TOI: 11.0004 Community Health Centers	Co Tr Num: IL031450100057	State Status:
Filing Type: Rate/Rule	Author: SPI AmericanAlternativeInsurance Date Submitted: 03/21/2012	Reviewer(s): Gayle Neuman Disposition Date: 04/23/2012
Effective Date Requested (New): 07/01/2012		Disposition Status: Filed
Effective Date Requested (Renewal): 07/01/2012		Effective Date (New): 07/01/2012
		Effective Date (Renewal): 07/01/2012

State Filing Description:

## General Information

Project Name: 2012 Hospice GL/PL Rate Reviews & Forms	Status of Filing in Domicile:
Project Number: IL031450100057	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 04/23/2012	
State Status Changed:	Deemer Date:
Created By: SPI AmericanAlternativeInsurance	Submitted By: SPI AmericanAlternativeInsurance
Corresponding Filing Tracking Number:	
Filing Description:	
American Alternative Insurance Corporation is submitting for your review and acknowledgment the enclosed Hospice rate and rule filing.	

We are proposing to revise our rates/rules for the Professional/General Liability line of business as follows:

Lower rates for Medical Professional classes.

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Raise rates for Domestic Service Providers.  
Revise definitions of Special Event hazard groups.  
Remove the Board Certified factor.  
Add \$10,000 deductible.  
Update rules to include reference to new forms/endorsements which have been filed separately, and editorial changes.

We propose that this filing apply to all policies effective on or after July 1, 2012.

Thank you in advance for your attention to this submission. Please feel free to contact me with any questions.

State Narrative:

## Company and Contact

### Filing Contact Information

Beth MacDougall, Project Employee bmacdougall@munichreamerica.com  
555 College Road East 609-275-2109 [Phone]  
Princeton, NJ 08543-5241 609-951-8285 [FAX]

### Filing Company Information

American Alternative Insurance Corporation CoCode: 19720 State of Domicile: Delaware  
555 College Road East Group Code: 361 Company Type:  
Princeton,, NJ 08543-5241 Group Name: Munich Re Group State ID Number:  
(800) 305-4954 ext. [Phone] FEIN Number: 52-2048110

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## Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:  
Per Company: No

## State Specific

Refer to our checklists prior to submitting filing  
([http://www.idfpr.com/DOI/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.htm](http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm)): In compliance  
Refer to our updated (04/06/2007) SERFF General Instructions prior to submitting filing. They have been updated to

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clarify what rates and rules are required to be filed as well as what rates and rules are not required to be filed. Also, the "Product Name" is the Filing Title and not the Project Number.: In compliance

NO RATES and/or RULES ARE REQUIRED TO BE FILED FOR LINES OF COVERAGE SUCH AS COMMERCIAL AUTO (except taxicabs), BURGLARY AND THEFT, GLASS, FIDELITY, SURETY, COMMERCIAL GENERAL LIABILITY, CROP HAIL, COMMERCIAL PROPERTY, DIRECTORS AND OFFICERS, ERRORS AND OMISSIONS, COMMERCIAL MULTI PERIL just to mention a few. However, a Summary Sheet (RF-3) is required to be filed. Please refer to the State Specific Field below for what rates/rules are required to be filed and to our checklists for specific statutes, regulations, etc. : [http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.asp](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp) .: In compliance

Medical Malpractice rates/rules may now be submitted using SERFF effective January 1, 2012.: In compliance  
The only rates and/or rules that are required to be filed are Homeowners, Mobile Homeowners, Dwelling Fire and Allied Lines, Workers' Compensation, Liquor Liability, Private Passenger Automobiles, Taxicabs, Motorcycles and Group Inland Marine Insurance which only applies to insurance involving personal property owned by, being purchased by or pledged as collateral by individuals, and not used in any business, trade or profession per Regulation Part 2302 which says in part, "each company shall file with the Director of Insurance each rate, rule and minimum premium before it is used in the State of Illinois.": In compliance

When selecting a form filing type for a multiple form filing, use the dominant type from these choices: APP - application; CER - certificate; COF - coverage form; DPS - declaration page; END - endorsement; POJ - policy jacket; ORG - Companies adopting an Advisory or Rating Organization's filing. Example: If you are submitting a policy as well as endorsements, a declaration page and an application, you would select "POL" for policy.: N/A

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted			
Filed	Gayle Neuman	04/23/2012	04/23/2012			
Objection Letters and Response Letters						
Objection Letters		Response Letters				
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Gayle Neuman	03/22/2012	03/22/2012	SPI AmericanAlternative Insurance	03/26/2012	03/26/2012

### Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	Certification	SPI AmericanAlternativ eInsurance	04/04/2012	04/04/2012

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Eff Date	Note To Reviewer	SPI AmericanAlternativ eInsurance	04/23/2012	04/23/2012
effective date	Note To Filer	Gayle Neuman	04/23/2012	04/23/2012

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## Disposition

Disposition Date: 04/23/2012  
Effective Date (New): 07/01/2012  
Effective Date (Renewal): 07/01/2012  
Status: Filed  
Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Alternative Insurance Corporation	1.300%	-12.400%	\$138,549	209	\$1,114,463	22.300%	-27.900%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Manual		Yes
Supporting Document	Form RF3 - (Summary Sheet)		Yes
Supporting Document	Explanatory Memorandum		Yes
Supporting Document	Marked rule changes		Yes
Supporting Document (revised)	Certification		Yes
Supporting Document	Certification		Yes
Supporting Document	HGLIL6		Yes
Rate	Hospice Rule Pages		Yes

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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 03/22/2012  
Submitted Date 03/22/2012  
Respond By Date 03/30/2012

Dear Beth MacDougall,

This is to acknowledge receipt of your filing. Your submission is not acceptable for filing in Illinois due to the following reasons:

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

Where is the new rate for occurrence coverage?

Where is the free 5 year tail extended reporting period for general liability?

Are there no other policy limits available for the professional liability coverage?

Sign up to get e-mail notification for updates to the Department's website. <http://insurance.illinois.gov/RSS/>

Please refer to the appropriate Property Casualty IS3 Review Requirements Checklist before submitting any filing. The checklists are available at the Department's Web site or at the following link:

[http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.htm](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.htm)

Please submit compliant form(s) no later than the date shown above or the entire filing may be disapproved. Please be advised that when the Director disapproves the form(s) you must immediately cease using the form(s) in Illinois.

Please give this matter your immediate attention. If you have any question regarding this filing please feel free to contact me.

Sincerely,  
Gayle Neuman

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## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 03/26/2012  
Submitted Date 03/26/2012

Dear Gayle Neuman,

### Comments:

### Response 1

- Comments: 1. Please note that we use ISO as our statistical reporting agency.
2. Please refer to Rule H. in our manual pages, which were submitted initially, for the rating of the occurrence coverage.
3. The free 5 year tail extended reporting period for general liability is provided in filed and approved form HGLIL6. HGLIL6 was most recently approved under filing number IL029880100003. An informational copy of HGLIL6 is provided here for your convenience.
4. There are no other policy limits available for the professional liability coverage.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: HGLIL6

Comment: HGLIL6 Informational Copy

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
SPI AmericanAlternativeInsurance



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**Note To Reviewer**

**Created By:**

SPI AmericanAlternativeInsurance on 04/23/2012 10:42 AM

**Last Edited By:**

Gayle Neuman

**Submitted On:**

04/23/2012 01:42 PM

**Subject:**

Eff Date

**Comments:**

Thank you for your review. Yes, we would still like the 7-1-2012 effective date.

## Note To Filer

Gayle Neuman on 04/23/2012 10:01 AM

Gayle Neuman

04/23/2012 01:42 PM

effective date

The Department of Insurance has now completed its review of the filing referenced above. Originally, American Alternative requested the filing be effective July 1, 2012. Is that still the filing date you wish to use? Your prompt response is appreciated.

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**Amendment Letter**

Submitted Date: 04/04/2012

**Comments:**

As requested, attached is a revised certification, with Stephen Corbett replaced by Ignacio Riveria. Please let me know if you have any questions. Thank You.

**Changed Items:**

**Supporting Document Schedule Item Changes:**

**Satisfied -Name: Certification**

Comment:

Rate Certification REV.PDF

Officer List - AAIC 11 11.PDF

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## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	File and Use
<b>Rate Change Type:</b>	Decrease
<b>Overall Percentage of Last Rate Revision:</b>	-1.600%
<b>Effective Date of Last Rate Revision:</b>	07/01/2010
<b>Filing Method of Last Filing:</b>	Use and File

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Alternative Insurance Corporation	1.300%	-12.400%	\$138,549	209	\$1,114,463	22.300%	-27.900%

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## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
	Hospice Rule Pages	HGL-1 thru HGL-11	Replacement	AMLX-G126591903 IL Hospice GL RU 07-12.PDF

**AMERICAN ALTERNATIVE INSURANCE CORPORATION (AAIC)  
PROFESSIONAL/GENERAL LIABILITY INSURANCE  
RATE/RULE MANUAL**

**Hospice and Home Health Care Liability Coverage Form**

**A. Coverage Availability**

The following coverages are provided in the core coverage form:

Coverage A – Bodily Injury and Property Damage Liability

Coverage B – Personal and Advertising Injury Liability

Coverage C – Professional Health Care Liability

Coverage D – Medical Expenses

Coverage can be provided on an occurrence and/or claims-made basis. Coverage form HGL151 provides occurrence coverage for all coverages. Coverage form HGL101 provides claims-made coverage for all coverages. Coverage form HGL121 provides occurrence coverage for coverages A, B, and D, and claims-made coverage for Coverage C. Refer to the appropriate coverage form for details of coverage.

The following limits of insurance apply:

Each Occurrence or Medical Incident Limit	\$1,000,000
Damage to Premises Rented to You Limit	\$1,000,000 Any one premises
Medical Expense Limit	\$ 50,000 Any one person
Personal & Advertising Injury Limit	\$1,000,000 Any one person or organization
General Aggregate Limit	\$3,000,000
Products/Completed Operations Aggregate Limit	\$3,000,000

**B. Base Coverage Rating Formula**

**Step 1**

Depending on the risk, more than one entity classification may apply to an account. For each entity classification, calculate the Entity Class manual premium as follows:

$$\begin{array}{rcl}
 & \text{Entity Class base rate} & \\
 \times & \text{Number of entity class exposures} & \\
 \times & \text{Pediatric factor} & \\
 \times & \text{Sexual Abuse factor} & \\
 \times & \text{Policy Form factor} & \\
 \times & \text{Deductible factor} & \\
 \times & \text{Expense Variation factor} & \\
 \hline
 = & \text{Entity Class manual premium} & 
 \end{array}$$

**Step 2**

Sum all Entity Class manual premiums to get the Total Entity Class manual premium

**Step 3**

For each medical professional, calculate the Medical Professional manual premium as follows:

$$\begin{array}{rcl}
 & \text{Medical Professional Class base rate} & \\
 \times & (\text{Number of hours worked per month} / 160) & \\
 \times & \text{Medical Malpractice factor} & \\
 \times & \text{Policy Form factor} & \\
 \times & \text{Deductible factor} & \\
 \times & \text{Expense Variation factor} & \\
 \hline
 = & \text{Medical Professional manual premium} & 
 \end{array}$$

**Step 4**

Sum all Medical Professional manual premiums to get the Total Medical Professional manual premium

**Step 5**

For each staffing agency medical professional class, calculate the Staffing Agency Medical Professional manual premium as follows:

$$\begin{aligned}
 & \text{Staffing Agency Medical Professional Class base rate} \\
 & \times (\text{Total Number of hours worked per year for all workers combined} / 2,000) \\
 & \times \text{Policy Form factor} \\
 & \times \text{Deductible factor} \\
 & \times \text{Expense Variation factor} \\
 & = \text{Staffing Agency Medical Professional manual premium}
 \end{aligned}$$

**Step 6**

Sum all Staffing Agency Medical Professional manual premiums to get the Total Staffing Agency Medical Professional manual premium

**Step 7**

Depending on the risk, more than one Bereavement Camp may apply to an account. For each Bereavement Camp, calculate the Bereavement Camp manual premium as follows:

$$\begin{aligned}
 & \text{Bereavement Camp base rate} \\
 & \times \text{Number of times held annually} \\
 & \times \text{Sexual Abuse factor} \\
 & \times \text{Policy Form factor} \\
 & \times \text{Deductible factor} \\
 & \times \text{Expense Variation factor} \\
 & = \text{Bereavement Camp manual premium}
 \end{aligned}$$

**Step 8**

Sum all Bereavement Camp manual premiums to get the Total Bereavement Camp manual premium

**Step 9**

Depending on the risk, more than one Special Event may apply to an account. For each Special Event, calculate the Special Event manual premium as follows:

$$\begin{aligned}
 & \text{Special Event base rate} \\
 & \times \text{Number of times held annually} \\
 & \times \text{Policy Form factor} \\
 & \times \text{Deductible factor} \\
 & \times \text{Expense Variation factor} \\
 & = \text{Special Event manual premium}
 \end{aligned}$$

**Step 10**

Sum all Special Event manual premiums to get the Total Special Event manual premium

**Step 11**

$$\begin{aligned}
 & [\text{Pharmacy Operations base rate} \\
 & + (\text{Number of patients in excess of 500 } \underline{\text{times}} \text{ excess rate)}] \\
 & \times \text{Policy Form factor} \\
 & \times \text{Deductible factor} \\
 & \times \text{Expense Variation factor} \\
 & = \text{Pharmacy Operations manual premium}
 \end{aligned}$$

- Step 12**      Medical Equipment base rate  
                  X    Number of inventory items  
                  X    Policy Form factor  
                  X    Deductible factor  
                  X    Expense Variation factor  
                  =    Medical Equipment manual premium
- Step 13**      [(Wellness Programs base rate  
                  X    Number of annual immunizations/shots up to 10,000)  
                  +    (Wellness Programs excess rate  
                  X    Number of annual immunizations/shots in excess of 10,000)]  
                  X    Policy Form factor  
                  X    Deductible factor  
                  X    Expense Variation factor  
                  =    Wellness Programs manual premium
- Step 14**      Thrift Shop base rate  
                  X    (Annual gross sales receipts / 1,000)  
                  X    Policy Form factor  
                  X    Deductible factor  
                  X    Expense Variation factor  
                  =    Thrift Shop manual premium
- Step 15**      Total Entity Class manual premium  
                  +    Total Medical Professional manual premium  
                  +    Total Staffing Agency Medical Professional manual premium  
                  +    Total Bereavement Camp manual premium  
                  +    Total Special Event manual premium  
                  +    Pharmacy Operations manual premium  
                  +    Medical Equipment manual premium  
                  +    Wellness Programs manual premium  
                  +    Thrift Shop manual premium  
                  =    Total Base Coverage manual premium



**C. Base Coverage Rating Basis**

<b>Class Type</b>	<b>Class Code</b>	<b>Description</b>	<b>Class Group</b>	<b>Exposure Rating Base</b>
Entity	H001	Hospice Not For Profit – In-home Care	4	Per Patient Day on Service
	H002	Hospice Not For Profit – In-patient Care	4	Per Licensed Bed
	H003	Hospice For Profit – In-home Care	4	Per Patient Day on Service
	H004	Hospice For Profit – In-patient Care	4	Per Licensed Bed
	H005	Home Healthcare – Not For Profit	4	Per Patient Visit
	H006	Home Healthcare – For Profit	4	Per Patient Visit
	H007	Palliative Care – Non-Hospice Patients – Not For Profit	4	Per Patient Visit
	H008	Palliative Care – Non-Hospice Patients – For Profit	4	Per Patient Visit
	H009	Domestic Service Provider	5	Per Client
	H010	Hospice Association	5	Per Member Organization
	H026	Staffing Agency	6	Per \$1,000 Total Payroll****
Medical Professional	H011	Physician	3	Hours per month / 160*
	H012	Nurse Practitioner	3	Hours per month / 160*
Staffing Agency Medical Professional	H027	Non-skilled workers	3	Hours per year / 2,000
	H028	Skilled workers – low hazard	3	Hours per year / 2,000
	H029	Skilled workers – medium hazard	3	Hours per year / 2,000
	H030	Skilled workers – high hazard	3	Hours per year / 2,000
Bereavement Camp	H013	Low Hazard Bereavement Camp	5	Each Camp
	H014	Medium Hazard Bereavement Camp	5	Each Camp
	H015	High Hazard Bereavement Camp	5	Each Camp
	H016	Bereavement Camp – more than 100 campers	5	Each Camp
Special Event	H017	Low Hazard Special Event	2	Each Event
	H018	Medium Hazard Special Event	2	Each Event
	H019	High Hazard Special Event	2	Each Event
	H020	Special Event – more than 1,000 guests	2	Each Event
Pharmacy	H021	In-house Pharmacy Operation	1	Per Patient
Medical Equipment	H022	Owned Diagnostic or Treatment Devices**	2	Per Inventory Item
	H023	Owned Critical Life Monitoring Equipment***	2	Per Inventory Item
Wellness	H024	Wellness Program	1	Per Immunization
Thrift Shop	H025	Thrift Shop	2	Per \$1,000 gross sales

\* Subject to a minimum of 8 hours per month for any one medical professional

\*\* Includes treatment devices or equipment other than those used to sustain life or perform critical life monitoring functions

\*\*\* Includes dialysis or heart/lung machines, apnea monitors, SIDS monitors or any other life dependent monitors, equipment, or devices

\*\*\*\* Payroll is limited to medical professionals employed by the staffing agency. Do not include the payroll of employees engaged principally in inside activities at the insured premises.

<b>Staffing Agency Medical Professional Class Groups</b>	
<b>Class Group</b>	<b>Medical Professionals</b>
Non-skilled workers	Homemaker, Home Health Aid, Nurse Aid, Nursing Assistant, Clerical/Administrative
Skilled Workers – low hazard	LPN, Pharmacy Assistant, Lab Technician, EKG Technician, X-ray technician, Radiology Technician, Medical Technician, Certified Medical Assistant, Dietician/Nutritionists
Skilled Workers – medium hazard	RN, Social Worker, Speech Pathologist, Speech Therapist, Dialysis Technician, Enterostomal Therapist, Occupational Therapist
Skilled Workers – high hazard	Physical Therapist, Respiratory Therapist, Phlebotomist, Radiation Therapist

<b>Bereavement Camp Hazards</b>		
<b>Low Hazard</b>	<b>Medium Hazard</b>	<b>High Hazard</b>
Less than 15 campers	15 to 35 campers	36-100 campers
No overnight campers	No overnight campers	Overnight campers
No sports activities	With sports activities	With or without sports activities

If the characteristics of a camp place it in more than one class, the highest hazard class applicable to the camp will be used.

<b>Special Events Hazards</b>		
<b>Low Hazard</b>	<b>Medium Hazard</b>	<b>High Hazard</b>
Up to 350 guests	351 to 500 guests and no alcohol served	501 to 1,000 guests and no alcohol served
No alcohol served	Up to 350 guests and alcohol served	351 to 1,000 guests and alcohol served
		Sports Events w/ Children
		Water Events
		Animal Events
		Vehicle Events

If the characteristics of a Special Event place it in more than one class, the highest hazard class applicable to the event will be used.

**D. Base Coverage Rates**

Class Code	Territory Rating/Tier	Base Rates	
		General Liability	Professional Health Care Liability
H001	Cook, Will, DuPage, and Lake Counties	\$0.06	\$0.32
	Remainder of State	\$0.04	\$0.20
H002	Cook, Will, DuPage, and Lake Counties	\$40	\$228
	Remainder of State	\$26	\$147
H003	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H004	Cook, Will, DuPage, and Lake Counties	\$46	\$263
	Remainder of State	\$30	\$169
H005	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H006	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.42
	Remainder of State	\$0.05	\$0.26
H007	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H008	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.42
	Remainder of State	\$0.05	\$0.26
H009	<= 20 Clients – Entire State	\$2,200	No Charge
	Each of next 30 Clients – Entire State	\$77.00	
	Each of next 25 Clients – Entire State	\$49.50	
	Each of next 25 Clients – Entire State	\$27.50	
	Each additional Client – Entire State	\$5.50	
H010	Entire State	\$0.50	No Charge
H011	Cook, Madison, St. Clair, and Will Counties	No Charge	\$23,555
	DuPage, Kane, McHenry, Jackson, Lake, and Vermillion Counties		\$19,430
	Remainder of State		\$13,430
H012	Cook, Madison, St. Clair, and Will Counties	No Charge	\$5,889
	DuPage, Kane, McHenry, Jackson, Lake, and Vermillion Counties		\$4,858
	Remainder of State		\$3,358
H013	Entire State	\$100	No Charge
H014	Entire State	\$200	No Charge
H015	Entire State	\$300	No Charge
H016	Entire State	Refer to Company	No Charge
H017	Entire State	No Charge	No Charge
H018	Entire State	\$250	No Charge
H019	Entire State	\$500	No Charge
H020	Entire State	Refer to Company	No Charge
H021	Base – Entire State	\$38	\$212
	Excess – Entire State	\$0.08	\$0.42
H022	Entire State	\$11	No Charge
H023	Entire State	\$14	No Charge
H024	Base – Entire State	\$0.02	\$0.08
	Excess – Entire State	\$0.01	\$0.04
H025	Entire State	\$4.00	No Charge
H026	Cook, Will, DuPage, and Lake Counties	\$2.27	No Charge
	Remainder of State	\$1.73	
H027	Entire State	No Charge	\$62
H028	Entire State	No Charge	\$133
H029	Entire State	No Charge	\$164
H030	Entire State	No Charge	\$381

**E. Pediatric factor**

The rates for classes H001 through H009 are subject to modification to reflect the percent of total care that is pediatric.

Pediatric factor = 1 + (number of pediatric exposures / number of total exposures)

**F. Sexual Abuse factor**

The rates for classes H001 through H010, and H013 through H016 are subject to a modification factor of 1.15 for Sexual Abuse Vicarious Liability. The rate for class H026 is subject to a modification factor of 1.80 for Sexual Abuse Vicarious Liability.

**G. Medical Malpractice factor**

Medical Professional provided full coverage?	Underlying Medical Malpractice Policy		Medical Malpractice Factor
	Policy In-force?	Extends coverage to the entity?**	
No*	Yes	Yes	0.05
		No	0.20
	No	N/A	0.20
Yes	Yes	Yes	0.26
		No	0.41
	No	N/A	1.00

\* No charge will be made for medical professionals named on endorsement HGL206. All others without full coverage will be named on HGL207.

\*\* I.e., does the medical professional's underlying medical malpractice liability policy extend coverage to the entity for professional healthcare liability due to the wrongful acts of the medical professional?

**H. Policy Form factor**

Years In Claims Made*	HGL101		HGL121
	GL	PL	PL
0	0.64	0.45	0.45
1	0.79	0.70	0.70
2	0.87	0.85	0.85
3	0.92	0.94	0.94
4	1.00	1.00	1.00
5 or more	1.00	1.00	1.00

HGL151	
GL	PL
1.02	1.15

\* Round up to the next highest claims-made year.

**I. Deductible factor (if applicable, attach Endorsement HGLIL3)**

Deductible*	Deductible Factor
\$0	1.00
\$10,000	0.96
\$25,000	0.85
\$50,000	0.75
\$100,000	0.60

\* each medical incident or occurrence

**J. Expense Variation factor**

Expense Variation Factor = Expected Loss Ratio underlying the company manual premium / (Expected Loss Ratio underlying the company manual premium minus Expense ratio adjustment for the policy)

**K. Employee Benefits Liability (EBL) Coverage (attach the applicable endorsement)**

Employee Benefits Liability coverage is available and can be added by attaching the applicable endorsement. This coverage is rated as follows (which includes a \$1,000 deductible per employee):

$$\begin{array}{rcl} & \text{EBL Base rate} & \\ \times & \text{Expense Variation factor} & \\ \hline = & \text{EBL manual premium} & \end{array}$$

Per Occurrence Limit	Aggregate Limit	EBL Base Rate
\$25,000	\$50,000	No Charge
\$50,000	\$50,000	\$100
\$100,000	\$100,000	\$150
\$250,000	\$250,000	\$272
\$500,000	\$500,000	\$368
\$750,000	\$750,000	\$428
\$1,000,000	\$1,000,000	\$470

**L. Schedule Rating factor**

Premiums are subject to modification reflecting specific individual characteristics of the risk. All insureds are eligible for the Schedule Rating Plan. Such rate modification may be applied in accordance with the following Schedule Rating Plan, subject to a maximum credit or debit of 25%:

<u>Risk Characteristics</u>	<u>Range of Modification</u>		
	<u>Credit</u>	<u>to</u>	<u>Debit</u>
1. <b>Management:</b> Experience in industry, Safety Committee	5%	to	5%
2. <b>Services</b> – Day care services, Infusion therapy, Consulting, Training, Software sales, Other than Hospice/Home Healthcare services	0%	to	15%
3. <b>Accreditation</b> – Medicare, JCAHO, ACHC, etc.	5%	to	5%
4. <b>Employees &amp; Volunteers</b> – selection & training, supervision, Qualifications of professionals, employed/contracted physicians	10%	to	10%
5. <b>Documented Policies and Procedures:</b> Risk Management program, Quality Assurance program	5%	to	5%

**M. Policy Premium**

The policy premium is calculated as follows:

$$\begin{array}{lcl} \text{Step 1} & & \text{Total General Liability Base Coverage manual premium} \\ & + & \text{Total Professional Health Care Liability Base Coverage manual premium} \\ & + & \text{Employee Benefits Liability manual premium} \\ & = & \text{Policy manual premium} \\ \\ \text{Step 2} & & \text{Policy manual premium} \\ & \times & \text{Schedule Rating factor} \\ & = & \text{Annual Policy premium (subject to a \$1,000 minimum, pro-rated for other than} \\ & & \text{annual policy terms. Waive additional or return premium of \$15 or less.} \\ & & \text{However, any return premium requested by the insured must be granted.)} \end{array}$$

**N. Supplemental Extended Reporting Period Coverage (SERP)**

When coverage was provided on a claims-made basis, Supplemental Extended Reporting Period coverage is available separately for General Liability, Professional Healthcare Liability, and Employee Benefits Liability.

**a. SERP Rating Formulas****General Liability SERP (attach endorsement HGL315)**

(General Liability SERP rate

X General Liability expiring annual policy premium)

= General Liability SERP premium

**Professional Healthcare Liability SERP (attach endorsement HGL309)**

(Professional Healthcare Liability SERP rate

X Professional Healthcare Liability expiring annual policy premium)

= Professional Healthcare Liability SERP premium

**Employee Benefits Liability SERP (attach endorsement HGL310)**

EBL SERP rate

X EBL expiring annual policy premium

= Employee Benefits Liability SERP premium

**b. SERP Rates**

<b>Years of SERP Coverage</b>	<b>General Liability</b>	<b>Employee Benefits Liability</b>	<b>Professional Healthcare Liability</b>
1 Year	0.750	0.750	1.000
3 Years	1.250	1.250	1.500
5 Years	1.750	1.750	2.000
Unlimited	2.000	2.000	Not Available

**c. SERP Conditions**

The availability of the SERP options shall be governed by the following rules:

1. The available limits of liability shall not exceed those afforded under the expiring claims-made policy; and
2. The Employee Benefits Liability SERP is not available unless the General Liability SERP is also purchased, and the years of SERP coverage for Employee Benefits Liability must be the same as the years of SERP coverage for General Liability; and
3. The insured may purchase a SERP if the policy is cancelled or nonrenewed for any reason, provided:
  - a. The insured requests the SERP, in writing, within 60 days of the non-renewal or cancellation of the policy; and
  - b. The insured pays the premium (in full) promptly, when due.

**O. Endorsements**

The following **endorsements** are available. Refer to each endorsement for specific details. Unless otherwise noted, there is no premium impact associated with these endorsements.

1. Illinois Deductible Liability Insurance (HGLIL3) – this endorsement may be used to provide the insured with a deductible. Refer to Section I. of the rating rules for deductible credit factors.
2. Illinois Employee Benefits Liability Coverage (HGLIL2) – this endorsement may be used to provide Employee Benefits Liability Coverage for damages arising out of negligent acts, errors or omissions in the insured's administration of employee benefits programs. Refer to Section K. of the rating rules for the charge for this coverage.

3. Pharmacy Amendatory (HGL316) – this endorsement may be used to provide liability coverage for pharmacies which service the general public.
4. Legal Expense Reimbursement (HGL102) – this endorsement may be used to provide reimbursement for legal expenses resulting from an action instituted against the insured by any federal, state, or local agency resulting from the insured's participation in Medicare, Medicaid programs or similar government healthcare programs.
5. Blanket Additional Insured (HGL304) – this endorsement may be used to provide that anyone added as an additional insured on a certificate of insurance, other than Health Care Professionals, will be an additional insured under the policy.
6. Additional Insured – Designated Person or Organization (HGL307) – this endorsement may be used to include a designated person or organization as an additional insured.
7. Additional Insured – Lessor (HGL308) – this endorsement may be used to include the owners of a property leased by the named insured as an additional insured.
8. Exclusion of Specific Accidents or Incidents (HGL200) – this endorsement may be used to exclude liability arising out of previous specific accidents or incidents.
9. Exclusion of Specific Activity or Event (HGL201) – this endorsement may be used to exclude liability arising out of a specific activity or events.
10. Exclusion – Designated Operations (HGL203) – this endorsement may be used to exclude liability arising out of designated operations conducted by the named insured.
11. Exclusion – All Hazards in Connection with Designated Premises (HGL204) – this endorsement may be used to exclude liability arising out of the ownership, maintenance, or use of the designated premises.
12. Exclusion – Designated Contract(s) (HGL205) – this endorsement may be used to exclude liability assumed by the named insured under a designated contract.
13. Exclusion of Vicarious and Individual Liability for Specified Medical Professionals (HGL206) – this endorsement may be used to exclude liability arising out of medical incidents committed by medical professionals specified in the endorsement.
14. Individual Professional Liability Exclusion for Specified Medical Professionals (HGL207) – this endorsement may be used to exclude Coverage C for medical professionals specified in the endorsement.
15. Amendment – Clinical or Experimental Trials Exclusion (HGL202) – this endorsement may be used to provide liability coverage arising from specified clinical or experimental trials conducted by the named insured as described in the schedule.
16. Supplemental Extended Reporting Period Endorsement – General Liability (HGL315) – this endorsement may be used to provide an extended reporting period for General Liability coverage. This endorsement is not applicable to HGL121 or HGL151. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
17. Supplemental Extended Reporting Period Endorsement – Professional Liability (HGL309) – this endorsement may be used to provide an extended reporting period for Professional Liability coverage. This endorsement is not applicable to HGL151. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.

18. Supplemental Extended Reporting Period Endorsement – Employee Benefits Liability (HGL310) – this endorsement may be used to provide an extended reporting period for Employee Benefits Liability coverage. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
19. Cancellation Endorsement (HGL300) – this endorsement clarifies the cancellation effective date.
20. Illinois Changes (HGLIL1) – this is a mandatory endorsement in order to comply with state requirements. Attach to all policies.
21. Illinois Changes – Sexual Abuse Vicarious Liability (HGLIL4) – this is a mandatory endorsement to comply with state requirements. Attach to all policies.
22. Illinois Changes – Defense Costs (HGLIL5) – this endorsement is mandatory. Attach to all policies.
23. Amendatory Endorsement (HGL320, HGLIL9, or HGLIL8) – this endorsement clarifies that Medical Directors, physicians, etc., who were previously insured under a Hospice and Home Health Care Policy issued by us, are insureds under the current coverage form. HGL320 must be attached to all policies using HGL101; HGLIL9 must be attached to all policies using HGL151; HGLIL8 must be attached to all policies using HGL121.
24. Mobile Equipment Subject to Motor Vehicle Laws (GGL300) – this endorsement amends the definitions of auto and mobile equipment to consider “any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle law” as autos, and not as mobile equipment. Attach to all policies.
25. Amendment of Coverage – Medical Staffing Services (HGL326) – this endorsement may be used to provide coverage for medical staffing services.
26. Illinois Changes (HGLIL6) – this endorsement is mandatory. HGLIL6 must be attached to all policies using HGL101 or HGL121.

#### **P. Enabling Rule**

The rules, rates, forms, and classifications in this manual may not be amended unless specifically permitted. However, any other rules, rates, or forms filed and approved for use by AAIC may apply when not in conflict with the rates/rules in this manual.

#### **Q. Premium Installment Rule**

With regard to premium payment plans:

All quarterly installment premium payment plans shall include the minimum standards listed below. Quarterly installment premium payment plans can differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below:

1. An initial payment of no more than 40% of the estimated total premium is due at policy inception;
2. The remaining premium must be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
3. No interest charges can apply;
4. Installment charges or fees can be no more than 1% of the total premium or \$25.00, whichever is less;
5. Any additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.



SERFF Tracking Number: AMLX-G128181198 State: Illinois  
 Filing Company: American Alternative Insurance Corporation State Tracking Number: AMLX-G128181198  
 Company Tracking Number: IL031450100057  
 TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0004 Community Health Centers  
 Made/Occurrence  
 Product Name: Hospice and Community Care Insurance Services Prog  
 Project Name/Number: 2012 Hospice GL/PL Rate Reviews & Forms/IL031450100057

## Supporting Document Schedules

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Manual		
<b>Comments:</b> Complete manual submitted under rule scehdule tab. (All pages updated)		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Form RF3 - (Summary Sheet)		
<b>Comments:</b>		
<b>Attachment:</b> Illinois RF-3.PDF		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Explanatory Memorandum		
<b>Comments:</b>		
<b>Attachment:</b> RateFiling_HCCIS_IL_PLGL_2012_Exhibits.PDF		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Marked rule changes		
<b>Comments:</b> marked rule changes		
<b>Attachment:</b> HCCIS-IL-Liability-Rules-2012-07 Trk Changes.PDF		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Certification		

SERFF Tracking Number: AMLX-G128181198 State: Illinois  
Filing Company: American Alternative Insurance Corporation State Tracking Number: AMLX-G128181198  
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TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0004 Community Health Centers  
Made/Occurrence  
Product Name: Hospice and Community Care Insurance Services Prog  
Project Name/Number: 2012 Hospice GL/PL Rate Reviews & Forms/IL031450100057

**Comments:**

**Attachments:**

Rate Certification REV.PDF  
Officer List - AAIC 11 11.PDF

**Item Status:**

**Status  
Date:**

**Satisfied - Item:** HGLIL6

**Comments:**

HGLIL6 Informational Copy

**Attachment:**

HGLIL6 1110 - IL Changes .PDF

SUMMARY SHEET

Change in Company's premium or rate level produced by rate  
revision effective 07/01/2012.

(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
1. Automobile Liability		
Private Passenger		
Commercial		
2. Automobile Physical Damage		
Private Passenger		
Commercial		
3. Liability Other Than Auto	1,114,463	-12.4%
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Peril		
14. Crop Hail		
15. Other		
Line of Insurance		

Does filing only apply to certain territory (territories) or certain classes?  
If so, specify: No

Brief description of filing. (If filing follows rates of an advisory

Lower rates for Medical Professional classes.

Raise rates for Domestic Service Providers.

Revise definitions of Special Event hazard groups.

Remove the Board Certified factor.

Add \$10,000 deductible.

Update rules to include reference to new forms/endorsements which have been filed separately, and editorial changes.

\* Adjusted to reflect all prior rate changes.

\*\* Change in Company's premium level which will  
result from application of new rates.

American Alternative Insurance Corporation

Name of Company



- Vice President

Official - Title



**American Alternative Insurance Corporation**  
**Hospice and Community Care Insurance Services Program (HCCIS)**

**Professional/General Liability**  
**Actuarial Memorandum Table of Contents**

**Illinois**

<b>Exhibit/ Pages</b>	<b>Description</b>
Page 1	Explanation of Proposed Professional/General Liability Rate Changes
Exhibit 1	Page 1 – Illinois Professional/General Liability Rate Indication Page 2 – Loss Development Triangles and Factors
Exhibit 2	Professional/General Liability Trend Factors
Exhibit 3	Professional/General Liability Investment Income
Appendix A	Explanation of Professional/General Liability Rate Indication Data & Assumptions

**American Alternative Insurance Corporation**  
**Hospice and Community Care Insurance Services Program (HCCIS)**

**Professional/General Liability**

**Explanation of Proposed Rate Changes**

**Illinois**

Based on a review of our historical Illinois experience, we have decided to revise our filed rates for the Hospice and Community Care Insurance Services Program (HCCIS) of American Alternative Insurance Corporation (AAIC) for the Professional/General Liability line of business. The proposed effective date of this filing is July 1, 2012.

We are filing to revise base rates. We are also introducing policy form factors to support the new all-occurrence policy form option (HGL151). In addition, we are revising the definition of our Special Event Hazard Groups and eliminating our Board Certified factor. The overall rate level impact of these changes is -12.4%. Justification for these changes can be found in the attached exhibits.

Bearing in mind the limitations of our own experience, as respects credibility, and the inherent variability between estimates of projected vs. actual rates, we believe the requested changes are reasonable.

AMERICAN ALTERNATIVE INSURANCE CORP  
HCCIS PROGRAM  
ILLINOIS  
PROFESSIONAL/GENERAL LIABILITY RATE INDICATION  
Total Limits  
Data evaluated as of 06/30/2011

Exhibit 1  
Page 1 of 2

**PREMIUM ADJUSTMENTS:**

	(1)	(2)	(3)	(4)	(5)
Calendar/ Accident Year	Written Premium	Manual Earned Premium	On-Level Factor	Exposure Trend	Trended EP at Current Level (2)x(3)x(4)
2004	412,593	305,255	1.587	1.000	484,513
2005	563,653	429,000	1.603	1.000	687,496
2006	682,732	608,638	1.226	1.000	746,386
2007	660,912	787,868	0.984	1.000	774,939
2008	694,832	795,238	0.984	1.000	782,188
2009	836,234	863,068	0.984	1.000	848,905
2010	944,245	1,033,245	0.985	1.000	1,017,959

**LOSS ADJUSTMENTS:**

	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Calendar/ Accident Year	Incurred Loss+ALAE Limited to \$500,000	Excess Loss+ALAE Load	Loss+ALAE Development Factor	Loss Trend Factor	ULAE Adjustment Factor	Developed Trended Loss+LAE (6)x(7)x(8)x(9)x(10)	Projected Loss+LAE Ratio (11)/(5)	Experience Year Weights
2004	5,668	1.145	1.010	1.556	1.090	11,110	2.3%	5%
2005	1,365	1.146	1.020	1.481	1.090	2,576	0.4%	9%
2006	45,878	1.393	1.035	1.410	1.090	101,720	13.6%	11%
2007	0	1.000	1.082	1.343	1.090	0	0.0%	13%
2008	18,274	1.400	1.147	1.278	1.090	40,885	5.2%	15%
2009	134,296	1.307	1.348	1.217	1.090	313,761	37.0%	19%
2010	63,380	1.150	1.597	1.159	1.090	146,989	14.4%	28%

**EXPENSE ITEMS:**

(14) Commission	22.5%
(15) Other Acquisition	5.0%
(16) General	5.0%
(17) Taxes, Licenses, Fees	1.5%
(18) P&C incl Inv Inc	-1.4%
	32.6%
(19) Expected Loss+LAE Ratio	67.4%

**CALCULATION OF INDICATED RATE NEED:**

	(20)	(21)
	Total # of Incurred Claims for Exp. Period	Credibility Weights
(22) Weighted Projected Loss+LAE Ratio	13.5%	10.0%
(23) Trended Expected Loss+LAE Ratio	74.4%	90.0%
(24) Credibility Weighted Loss+LAE Ratio	68.3%	
(25) Expected Loss+LAE Ratio	67.4%	
(26) Indicated Manual Rate Change	1.3%	

**American Alternative Insurance Corporation**  
**HCCIS Program**  
**Countrywide**  
**Professional/General Liability**  
**As of 6/30/2011**

Exhibit 1  
Page 2 of 2

**Incurred Loss + ALAE**

Accident Year	Age of Accident Year									
	18	30	42	54	66	78	90	102	114	126
2001	1,002,936	1,060,880	1,959,438	2,019,446	2,028,668	1,960,402	1,955,511	1,955,511	1,955,511	1,955,511
2002	1,701,544	2,512,602	2,859,876	2,963,464	3,397,224	3,449,092	3,488,744	3,738,368	3,737,841	
2003	2,146,469	3,070,946	3,137,589	2,989,120	3,074,106	3,091,578	3,091,578	3,091,352		
2004	2,569,610	2,519,927	2,630,053	2,775,868	2,804,546	2,854,547	2,897,299			
2005	3,028,429	4,123,898	4,168,176	4,687,724	4,730,829	4,671,587				
2006	4,584,511	6,415,187	6,698,412	7,545,480	7,878,864					
2007	6,803,800	8,346,500	9,112,013	9,285,500						
2008	4,939,142	4,703,295	5,842,279							
2009	4,262,466	4,757,250								
2010	3,069,779									

**Incurred Loss + ALAE Development**

Accident Year	18 - 30	30 - 42	42 - 54	54 - 66	66 - 78	78 - 90	90 - 102	102 - 114	114 - 126
2001	1.058	1.847	1.031	1.005	0.966	0.998	1.000	1.000	1.000
2002	1.477	1.138	1.036	1.146	1.015	1.011	1.072	1.000	
2003	1.431	1.022	0.953	1.028	1.006	1.000	1.000		
2004	0.981	1.044	1.055	1.010	1.018	1.015			
2005	1.362	1.011	1.125	1.009	0.987				
2006	1.399	1.044	1.126	1.044					
2007	1.227	1.092	1.019						
2008	0.952	1.242							
2009	1.116								

Averages	18 - 30	30 - 42	42 - 54	54 - 66	66 - 78	78 - 90	90 - 102	102 - 114	114 - 126	Tail
All yrs straight	1.222	1.180	1.049	1.041	0.999	1.006	1.024	1.000	1.000	
3 yr straight	1.098	1.126	1.090	1.021	1.004	1.009	1.024			
Selected	1.185	1.175	1.060	1.045	1.015	1.010	1.005	1.005	1.000	1.000

Selected	18 - Ult	30 - Ult	42 - Ult	54 - Ult	66 - Ult	78 - Ult	90 - Ult	102 - Ult	114 - Ult	126 - Ult
Age to Ultimate	1.597	1.348	1.147	1.082	1.035	1.020	1.010	1.005	1.000	1.000



**American Alternative Insurance Corporation**  
**HCCIS Program**  
**Professional/General Liability**  
**Loss + ALAE Trend Calculation**

Exhibit 2

<i>Line of Business</i>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Professional Liability	1.407	1.340	1.276	1.216	1.158	1.103	1.050
General Liability	1.426	1.355	1.288	1.225	1.164	1.107	1.052

Source: Based on a review of ISO trend circulars and internal company analysis

Note: Trend shown here is to an average accident date of 7-1-2011. In order to replicate the trend used in the indications, additional trend must be applied from 7-1-2011 to the average accident date underlying the proposed rates, 7-1-2013. The latest year's annual trend raised to the appropriate power is used to accomplish this.

**Factors used in the rate indications are as follows:**

**Professional Liability**

2004 =  $1.407 \times (1.050^{2.003}) = 1.552$   
2005 =  $1.340 \times (1.050^{2.003}) = 1.478$   
2006 =  $1.276 \times (1.050^{2.003}) = 1.407$   
2007 =  $1.216 \times (1.050^{2.003}) = 1.340$   
2008 =  $1.158 \times (1.050^{2.003}) = 1.276$   
2009 =  $1.103 \times (1.050^{2.003}) = 1.216$   
2010 =  $1.050 \times (1.050^{2.003}) = 1.158$

**General Liability**

2004 =  $1.426 \times (1.052^{2.003}) = 1.578$   
2005 =  $1.355 \times (1.052^{2.003}) = 1.500$   
2006 =  $1.288 \times (1.052^{2.003}) = 1.426$   
2007 =  $1.225 \times (1.052^{2.003}) = 1.356$   
2008 =  $1.164 \times (1.052^{2.003}) = 1.289$   
2009 =  $1.107 \times (1.052^{2.003}) = 1.225$   
2010 =  $1.052 \times (1.052^{2.003}) = 1.164$

**Combined PL/GL**

2004 =  $(1.552 \times 0.85) + (1.578 \times 0.15) = 1.556$   
2005 =  $(1.478 \times 0.85) + (1.500 \times 0.15) = 1.481$   
2006 =  $(1.407 \times 0.85) + (1.426 \times 0.15) = 1.410$   
2007 =  $(1.340 \times 0.85) + (1.356 \times 0.15) = 1.343$   
2008 =  $(1.276 \times 0.85) + (1.289 \times 0.15) = 1.278$   
2009 =  $(1.216 \times 0.85) + (1.225 \times 0.15) = 1.217$   
2010 =  $(1.158 \times 0.85) + (1.164 \times 0.15) = 1.159$

**AMERICAN ALTERNATIVE INSURANCE CORPORATION (AAIC)**  
**INVESTMENT INCOME**  
**PROFESSIONAL/GENERAL LIABILITY**  
**ILLINOIS**  
**Countrywide Data in \$(000s)**

Exhibit 3  
Page 1 of 3

Munich Re Group Countrywide Calendar Year 2010 - Written Premium	42,786
Munich Re Group Countrywide Calendar Year 2010 - Earned Premium	41,842

Given Munich Re's small premium volume, we have based our analysis on industrywide statistics available from Highline (see attached notes)

**UNEARNED PREMIUM:**

1 - Calendar Year 2010 Earned Premium		8,197,503
2 - Mean Unearned Premium:		
A. Calendar Year 2009 Unearned Premium	3,849,206	
B. Calendar Year 2010 Unearned Premium	3,868,570	
C. Mean Unearned Premium $[(2A + 2B) / 2]$		3,858,888
3 - Deduction for Delayed Remission of Premium:		
A. Calendar Year 2009 Agents' Balance	1,482,960	
B. Calendar Year 2010 Agents' Balance	1,458,231	
C. Mean Agents' Balance $[(3A + 3B) / 2]$	1,470,596	
D. Calendar Year 2010 Earned Premium	8,197,503	
E. Ratio $[3C / 3D]$	0.179	
F. Calendar Year 2008 Agents' Balance	1,708,005	
G. Calendar Year 2009 Agents' Balance	1,482,960	
H. Mean Agents' Balance $[(3F + 3G) / 2]$	1,595,483	
I. Calendar Year 2009 Earned Premium	8,412,734	
J. Ratio $[3H / 3I]$	0.190	
K. Average $[(3E + 3J) / 2]$	0.185	
L. Deduction for Delayed Remission of Premium $[(1) \times 3K]$		1,516,538
4 - Deduction for Prepaid Expenses:		
A. AAIC Commission & Brokerage	22.5%	
B. 50% AAIC Other Acquisition	2.5%	
C. 50% AAIC General Expenses	2.5%	
D. AAIC Taxes, Licenses & Fees	1.5%	
E. Total Prepaid Expenses $[4A + 4B + 4C + 4D]$	29.0%	
F. Deduction for Prepaid Expenses $[2C \times 4E]$		1,119,078
5 - Deduction for Federal Taxes Payable on Unearned Premium Reserve:		
A. Taxable Percentage of UEPR (Tax Reform Act of 1986)	20.0%	
B. Federal Tax Rate	35.0%	
C. Total Percentage of UEPR $[5A \times 5B]$	7.0%	
D. Revenue Offset $[2C \times 5C]$		270,122
6 - Net Subject to Investment from Unearned Premium $[2C - 3L - 4F - 5D]$		953,150

**LOSS RESERVES:**

7 - Expected Incurred Loss:		
A. Expected Loss Ratio (Loss and LAE)	67.4%	
B. Expected Incurred Losses and Loss Adjustment Expenses $[(1) \times 7A]$		5,525,117
8 - Expected Mean Loss and LAE Reserve:		
A. Calendar Year 2009 Loss and LAE Reserve	27,426,451	
B. Calendar Year 2010 Loss and LAE Reserve	26,949,448	
C. Mean Loss Reserve $[(8A + 8B) / 2]$	27,187,950	
D. Calendar Year 2010 Incurred Loss + LAE	4,494,058	
E. Ratio $[8C / 8D]$	6.050	
F. Calendar Year 2008 Loss and LAE Reserve	27,983,694	
G. Calendar Year 2009 Loss and LAE Reserve	27,426,451	
H. Mean Loss Reserve $[(8F + 8G) / 2]$	27,705,073	
I. Calendar Year 2009 Incurred Loss and LAE	4,958,562	
J. Ratio $[8H / 8I]$	5.587	
K. Average $[(8E + 8J) / 2]$	5.819	
L. Expected Mean Loss and LAE Reserves $[7B \times 8K]$		32,150,656
9 - Deduction for Federal Taxes Payable on Discounted Reserves:		
A. Estimated Reserve Discount	8.3%	
B. Federal Tax Rate	35.0%	
C. Federal Taxes Payable (% of Reserves) $[9A \times 9B]$	2.9%	
D. Deduction for Federal Taxes on Discounted Reserves $[8L \times 9C]$		932,369
10 - Net Subject to Investment from Losses and Loss Adjustment Expenses $[8L - 9D]$		31,218,287

**AMERICAN ALTERNATIVE INSURANCE CORPORATION (AAIC)**  
**INVESTMENT INCOME**  
**PROFESSIONAL/GENERAL LIABILITY**  
**ILLINOIS**  
**Countrywide Data in \$(000s)**

Exhibit 3  
Page 2 of 3

**SURPLUS:**

11 - Premium to Surplus Ratio		
A. Calendar Year 2010 Policyholder Surplus	566,842,039	
B. Calendar Year 2010 Net Written Premium	426,369,984	
C. Calendar Year 2010 Premium to Surplus Ratio [ 11B / 11A ]	0.752	
D. Calendar Year 2009 Policyholder Surplus	520,564,205	
E. Calendar Year 2009 Net Written Premium	423,481,497	
F. Calendar Year 2009 Premium to Surplus Ratio [ 11E / 11D ]	0.814	
G. Calendar Year 2008 Policyholder Surplus	465,409,619	
H. Calendar Year 2008 Net Written Premium	440,665,119	
I. Calendar Year 2008 Premium to Surplus Ratio [ 11H / 11G ]	0.947	
J. Average Premium to Surplus Ratio [ 11C + 11F + 11I ] / 3	0.838	
K. Selected Premium to Surplus Ratio		1.000
L. Surplus Subject to Investment [ (1) / 11K ]		8,197,503

**TOTAL:**

12 - Total Subject to Investment [ (6) + (10) + 11L ]		40,368,940
13 - Pre-Tax Investment Rate of Return:		
A. Net Investment Income for Calendar Year 2010	56,500,035	
B. Net Admitted Assets for Calendar Year 2009	1,263,562,249	
C. Net Admitted Assets for Calendar Year 2010	1,321,563,006	
D. Mean Assets Available for Investment [ (13B + 13C) / 2 ]	1,292,562,627	
E. Pre-Tax Rate of Return [ 13A / 13D ]	4.4%	
F. Net Investment Income for Calendar Year 2009	40,664,419	
G. Net Admitted Assets for Calendar Year 2008	1,218,425,432	
H. Net Admitted Assets for Calendar Year 2009	1,263,562,249	
I. Mean Assets Available for Investment [ (13G + 13H) / 2 ]	1,240,993,840	
J. Pre-Tax Rate of Return [ 13F / 13I ]	3.3%	
K. Average Rate of Return [ (13E + 13J) / 2 ]		3.9%
14 - Investment Earnings on Total Subject to Investment [ (12) x 13K ]		1,574,389
15 - Average Pre-Tax Rate of Return as a Percentage of Earned Premium [ (14) / (1) ]		19.2%
16 - Expected Federal Tax Rate on Investment Earnings		32.7%
17 - Expected After-Tax Rate of Return as a Percentage of Earned Premium [ (15) x [ 1.0 - (16) ] ]		12.9%
18 - Target After-Tax Return on Equity		12.0%
19 - Selected Premium to Surplus Ratio (11K)		1.000
20 - Target After-Tax Return on Earned Premium [ (18) / (19) ]		12.0%
21 - Indicated After-Tax Profit and Contingencies Provision reflecting Investment Income [ (20) - (17) ]		-0.9%
22 - Federal Income Tax Rate		35.0%
23 - Indicated Pre-Tax Profit and Contingencies Provision reflecting Investment Income [ (21) / [ 1.0 - (22) ] ]		-1.4%
24 - Selected Profit and Contingencies Provision reflecting Investment Income and Risk Load [ (23) capped at a maximum of 5.0% ]		<b>-1.4%</b>

**AMERICAN ALTERNATIVE INSURANCE CORPORATION (AAIC)**  
**INVESTMENT INCOME**  
**PROFESSIONAL/GENERAL LIABILITY**  
**ILLINOIS**  
**Countrywide Data in \$(000s)**

Exhibit 3  
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Data Source:

Line 1	Source: P&C Industry IEE, Part III	Calendar Year 2010 Earned Premium	Column 3	
Line 2A	Source: P&C Industry IEE, Part III	Calendar Year 2009 Unearned Premium	Column 19	
Line 2B	Source: P&C Industry IEE, Part III	Calendar Year 2010 Unearned Premium	Column 19	
Line 3A	Source: P&C Industry IEE, Part III	Calendar Year 2009 Agents' Balance	Column 21	
Line 3B	Source: P&C Industry IEE, Part III	Calendar Year 2010 Agents' Balance	Column 21	
Line 3D	Source: P&C Industry IEE, Part III	Calendar Year 2010 Earned Premium	Column 3	
Line 3F	Source: P&C Industry IEE, Part III	Calendar Year 2008 Agents' Balance	Column 21	
Line 3G	Source: P&C Industry IEE, Part III	Calendar Year 2009 Agents' Balance	Column 21	
Line 3I	Source: P&C Industry IEE, Part III	Calendar Year 2009 Earned Premium	Column 3	
Line 4A - D	Source: AAIC Expense Analysis			
Line 7A	PLR = 1 - AAIC Expense Selections, including Profit & Contingencies Provision reflecting Investment Income			
Line 8A	Source: P&C Industry IEE, Part III	Calendar Year 2009 Loss and LAE Reserve	Col 13 + Col 15 + Col 17	
Line 8B	Source: P&C Industry IEE, Part III	Calendar Year 2010 Loss and LAE Reserve	Col 13 + Col 15 + Col 17	
Line 8D	Source: P&C Industry IEE, Part III	Calendar Year 2010 Incurred Loss + LAE	Col 7 + Col 9 + Col 11	
Line 8F	Source: P&C Industry IEE, Part III	Calendar Year 2008 Loss and LAE Reserve	Col 13 + Col 15 + Col 17	
Line 8G	Source: P&C Industry IEE, Part III	Calendar Year 2009 Loss and LAE Reserve	Col 13 + Col 15 + Col 17	
Line 8I	Source: P&C Industry IEE, Part III	Calendar Year 2009 Incurred Loss and LAE	Col 7 + Col 9 + Col 11	
Line 9A	Based on 2009 Tables of Discount Factors, published by the IRS by Line of Business			
Line 11A	Source: P&C Industry, Annual Statement	Calendar Year 2010 Policyholder Surplus	Page 3, Column 1, Line 35	All Lines Combined
Line 11B	Source: P&C Industry, Annual Statement	Calendar Year 2010 Net Written Premium	Page 6, Column 1, Line 34	All Lines Combined
Line 11D	Source: P&C Industry, Annual Statement	Calendar Year 2009 Policyholder Surplus	Page 3, Column 1, Line 35	All Lines Combined
Line 11E	Source: P&C Industry, Annual Statement	Calendar Year 2009 Net Written Premium	Page 6, Column 1, Line 34	All Lines Combined
Line 11G	Source: P&C Industry, Annual Statement	Calendar Year 2008 Policyholder Surplus	Page 3, Column 1, Line 35	All Lines Combined
Line 11H	Source: P&C Industry, Annual Statement	Calendar Year 2008 Net Written Premium	Page 6, Column 1, Line 34	All Lines Combined
Line 13A	Source: P&C Industry, Annual Statement	Investment Income for Calendar Year 2010	Page 4, Column 1, Line 11	All Lines Combined
Line 13B	Source: P&C Industry, Annual Statement	Admitted Assets for Calendar Year 2009	Page 2, Column 3, Line 10	All Lines Combined
Line 13C	Source: P&C Industry, Annual Statement	Admitted Assets for Calendar Year 2010	Page 2, Column 3, Line 10	All Lines Combined
Line 13F	Source: P&C Industry, Annual Statement	Investment Income for Calendar Year 2009	Page 4, Column 1, Line 11	All Lines Combined
Line 13G	Source: P&C Industry, Annual Statement	Admitted Assets for Calendar Year 2008	Page 2, Column 3, Line 10	All Lines Combined
Line 13H	Source: P&C Industry, Annual Statement	Admitted Assets for Calendar Year 2009	Page 2, Column 3, Line 10	All Lines Combined

**AMERICAN ALTERNATIVE INSURANCE CORPORATION**  
**Hospice and Community Care Insurance Services Program (HCCIS)**  
**Professional/General Liability**

**State Rate Level Indications**

**Premium Adjustments:**

- (1) & (2) The written and earned premium is from our Data Warehouse. The earned premium has been adjusted to remove any individual risk rating modifications.
- (3) On-Level Factors are intended to adjust the historical premium to the current rate level. The extension of exposures method was used to estimate on-level factors by state and a weighted average of the statewide factors was used to obtain the countrywide factor.
- (4) The Exposure Trend Factor adjusts for the changes in exposure base due mostly to inflation from the average date written in the experience period to the average date written in the prospective period. The exposure base for Professional/General Liability is not inflation sensitive therefore no exposure trend is needed.
- (5) Trended EP at Current Level = (2) x (3) x (4)

**Loss Adjustments:**

- (6) Incurred Loss+ALAE Limited to \$500,000 – Accident Year Incurred Loss+ALAE as of 6/30/11 has been limited by claim to \$500,000 to smooth large loss experience. An excess Loss+ALAE load is applied in Column (7) to account for expected experience > \$500,000 per claim.
- (7) Excess Loss+ALAE Load – Higher layers of loss are subject to greater variability. Therefore, excess loads for these layers are applied to the limited losses in order to provide more stable results rather than using the specific excess experience of the program. These excess loads are based on ISO's ILFs for Hospital Professional Liability, General Liability-Owners, Landlords, Tenants, and Commercial Auto Liability. The excess layer is between the loss limitation in (6) above and the policy limit of the claim. As claims occur with higher policy limits, the excess load will increase.
- (8) Loss+ALAE Development Factors (LDFs) – Loss+ALAE development factors adjust the incurred loss+ALAE to an estimate of the ultimate settlement amount. LDFs used in this analysis are from the 2<sup>nd</sup> Quarter 2011 loss reserve review.

- (9) Loss Trend Factor – adjusts for changes in claim frequency and severity levels due to economic, social, and legal trends expected to occur between the average date of loss in the experience period and the average date of loss in the prospective experience period. Annual trends were selected based on a review of ISO Hospital Professional Liability and OL+T Liability trends.
- (10) ULAE Adjustment Factor – The loss experience includes ALAE but not ULAE. This factor is applied to the Loss+ALAE to load for ULAE. The factor shown is based on internal claim administration expense levels.
- (11) Developed Trended Loss+LAE = (6) x (7) x (8) x (9) x (10)
- (12) Projected Loss+LAE Ratio = (11) / (5)
- (13) Experience Year Weights start at 8/10/12/14/16/18/22, with the most weight going to the most recent accident year. They are then adjusted for the relative size of each experience year, based on in-state manual earned premium at current rate level.

**Expense Items:**

- (14)-(18) Expenses shown are the expenses we expect to incur during the prospective period and are based on company expense levels.
- (19) The Expected Loss+LAE ratio =  $1 - [(14)+(15)+(16)+(17)+(18)]$ .

**Calculation of Indicated Rate Need:**

- (20) The Total # of Incurred Claims for the Experience Period is the total number of claims for all accident years combined.
- (21) Credibility Weights – As the size of a state's volume grows, the predictive value of the experience grows and becomes more credible. Credibility weights in this analysis are determined based on the claim counts in (20) and are used to combine (22) and (23). Partial credibility is based on the square root method and a full credibility standard of 1,665 claims. (22) is subject to the partial credibility calculation. (23) is assigned the residual credibility, if any. The full credibility standard is a combination of using the Mayerson, Jones and Bowers formula for General Liability (with 90% confidence that the estimated loss+ALAE will be within 7.5% of the actual expected value) and the ISO Hospital Professional Liability full credibility constant of 900 claims.
- (22) Weighted Projected Loss+LAE Ratio = Weighted average of Developed Trended Loss+LAE Ratios using the Experience Year Weights.

- (23) Trended Expected Loss+LAE Ratio = (19) \* Loss Ratio Trend Factor. The trend factor is based on the same loss and exposure trend information in (4) and (9) but the trend period is based on the effective date of the last rate change and the prospective effective date.
- (24) Credibility Weighted Loss+LAE Ratio – Weighted average of (22) and (23) using the weights in (21).
- (25) Expected Loss+LAE Ratio = (19).
- (26) Indicated Manual Rate Change = (24) / (25) – 1.

**AMERICAN ALTERNATIVE INSURANCE CORPORATION (AAIC)**  
**~~HOSPICE AND COMMUNITY CARE INSURANCE SERVICES PROGRAM~~**  
**PROFESSIONAL/GENERAL LIABILITY INSURANCE**  
**RATE/RULE MANUAL**

**Hospice and Home Health Care Liability Coverage Form**

**A. ~~A~~-Coverage Availability**

The following coverages are provided in the core coverage form:

Coverage A – Bodily Injury and Property Damage Liability

Coverage B – Personal and Advertising Injury Liability

Coverage C – Professional Health Care Liability

Coverage D – Medical Expenses

Coverage can be provided on an occurrence and/or claims-made basis. Coverage form HGL151 provides occurrence coverage for all coverages. Coverage form HGL101 provides claims-made coverage for all coverages. Coverage form HGL121 provides occurrence coverage for coverages A, B, and D, and claims-made coverage for Coverage C. Refer to the appropriate coverage form for details of coverage.

The following limits of insurance apply:

Each Occurrence or Medical Incident Limit	\$1,000,000
Damage to Premises Rented to You Limit	\$1,000,000 Any one premises
Medical Expense Limit	\$ 50,000 Any one person
Personal & Advertising Injury Limit	\$1,000,000 Any one person or organization
General Aggregate Limit	\$3,000,000
Products/Completed Operations Aggregate Limit	\$3,000,000

**B. ~~B~~-Base Coverage Rating Formula**

**Step 1**

Depending on the risk, more than one entity classification may apply to an account. For each entity classification, calculate the Entity Class manual premium as follows:

	Entity Class base rate
X	Number of entity class exposures
X	Pediatric factor
X	Sexual Abuse factor
X	Policy Form factor
X	Deductible factor
X	<u>Expense Variation factor</u>
=	Entity Class manual premium

**Step 2**

Sum all Entity Class manual premiums to get the Total Entity Class manual premium

**Step 3**

For each medical professional, calculate the Medical Professional manual premium as follows:

	Medical Professional Class base rate
X	(Number of hours worked per month / 160)
X	Medical Malpractice factor
X	<del>Board Certified factor</del>
X	Policy Form factor
X	Deductible factor
X	<u>Expense Variation factor</u>
=	Medical Professional manual premium



## ILLINOIS

### Step 4

Sum all Medical Professional manual premiums to get the Total Medical Professional manual premium

### Step 5

For each staffing agency medical professional class, calculate the Staffing Agency Medical Professional manual premium as follows:

$$\begin{aligned} & \text{Staffing Agency Medical Professional Class base rate} \\ & \times (\text{Total Number of hours worked per year for all workers combined} / 2,000) \\ & \times \text{Policy Form factor} \\ & \times \text{Deductible factor} \\ & \times \text{Expense Variation factor} \\ & = \text{Staffing Agency Medical Professional manual premium} \end{aligned}$$

### Step 6

Sum all Staffing Agency Medical Professional manual premiums to get the Total Staffing Agency Medical Professional manual premium

### Step 7

Depending on the risk, more than one Bereavement Camp may apply to an account. For each Bereavement Camp, calculate the Bereavement Camp manual premium as follows:

$$\begin{aligned} & \text{Bereavement Camp base rate} \\ & \times \text{Number of times held annually} \\ & \times \text{Sexual Abuse factor} \\ & \times \text{Policy Form factor} \\ & \times \text{Deductible factor} \\ & \times \text{Expense Variation factor} \\ & = \text{Bereavement Camp manual premium} \end{aligned}$$

### Step 8

Sum all Bereavement Camp manual premiums to get the Total Bereavement Camp manual premium

### Step 9

Depending on the risk, more than one Special Event may apply to an account. For each Special Event, calculate the Special Event manual premium as follows:

$$\begin{aligned} & \text{Special ~~Events~~Event base rate} \\ & \times \text{Number of times held annually} \\ & \times \text{Policy Form factor} \\ & \times \text{Deductible factor} \\ & \times \text{Expense Variation factor} \\ & = \text{Special ~~Events~~Event manual premium} \end{aligned}$$

### Step 10

Sum all Special ~~Events~~Event manual premiums to get the Total Special ~~Events~~Event manual premium

### Step 11

$$\begin{aligned} & [\text{Pharmacy Operations base rate} \\ & + (\text{Number of patients in excess of 500 times excess rate}]] \\ & \times \text{Policy Form factor} \\ & \times \text{Deductible factor} \\ & \times \text{Expense Variation factor} \end{aligned}$$

**ILLINOIS**

= Pharmacy Operations manual premium

# ILLINOIS

- Step 12** Medical Equipment base rate  
X Number of inventory items  
X Policy Form factor  
X Deductible factor  
X Expense Variation factor  
= Medical Equipment manual premium
- Step 13** [(Wellness Programs base rate  
X Number of annual immunizations/shots up to 10,000)  
+ (Wellness Programs excess rate  
X Number of annual immunizations/shots in excess of 10,000)]  
X Policy Form factor  
X Deductible factor  
X Expense Variation factor  
= Wellness Programs manual premium
- Step 14** ~~Thrifty Shops~~ Thrifty Shop base rate  
X (Annual gross sales receipts / 1,000)  
X Policy Form factor  
X Deductible factor  
X Expense Variation factor  
= ~~Thrifty Shops~~ Thrifty Shop manual premium
- Step 15** Total Entity Class manual premium  
+ Total Medical Professional manual premium  
+ Total Staffing Agency Medical Professional manual premium  
+ Total Bereavement Camp manual premium  
+ Total Special ~~Events~~ Event manual premium  
+ Pharmacy Operations manual premium  
+ Medical Equipment manual premium  
+ Wellness Programs manual premium  
+ ~~Thrifty Shops~~ Thrifty Shop manual premium  
= Total Base Coverage manual premium

## ILLINOIS

C. ~~C~~ Base Coverage Rating Basis

Class Type	Class Code	Description	Class CodeGroup	Exposure Rating Base
Entity	<del>H001</del>	Hospice Not For Profit – In-home Care	<del>H0014</del>	Per Patient Day on Service
	<del>H002</del>	Hospice Not For Profit – In-patient Care	<del>H0024</del>	Per Licensed Bed
	<del>H003</del>	Hospice For Profit – In-home Care	<del>H0034</del>	Per Patient Day on Service
	<del>H004</del>	Hospice For Profit – In-patient Care	<del>H0044</del>	Per Licensed Bed
	<del>H005</del>	Home Healthcare – Not For Profit	<del>H0054</del>	Per Patient Visit
	<del>H006</del>	Home Healthcare – For Profit	<del>H0064</del>	Per Patient Visit
	<del>H007</del>	Palliative Care – Non-Hospice Patients – Not For Profit	<del>H0074</del>	Per Patient Visit
	<del>H008</del>	Palliative Care – Non-Hospice Patients – For Profit	<del>H0084</del>	Per Patient Visit
	<del>H009</del>	Domestic Service Provider	<del>H0095</del>	Per Client
	<del>H010</del>	Hospice Association	<del>H0105</del>	Per Member Organization
	<del>H026</del>	Staffing Agency	<del>H0266</del>	Per \$1,000 Total Payroll****
Medical Professional	<del>H011</del>	Physician	<del>H0113</del>	Hours per month / 160*
	<del>H012</del>	Nurse Practitioner	<del>H0123</del>	Hours per month / 160*
Staffing Agency	<del>H027</del>	Non-skilled workers	<del>H0273</del>	Hours per year / 2,000
Medical Professional	<del>H028</del>	Skilled workers – low hazard	<del>H0283</del>	Hours per year / 2,000
	<del>H029</del>	Skilled workers – medium hazard	<del>H0293</del>	Hours per year / 2,000
	<del>H030</del>	Skilled workers – high hazard	<del>H0303</del>	Hours per year / 2,000
Bereavement Camp	<del>H013</del>	Low Hazard Bereavement Camp	<del>H0135</del>	Each Camp
	<del>H014</del>	Medium Hazard Bereavement Camp	<del>H0145</del>	Each Camp
	<del>H015</del>	High Hazard Bereavement Camp	<del>H0155</del>	Each Camp
	<del>H016</del>	Bereavement Camp – more than 100 campers	<del>H0165</del>	Each Camp
Special Event	<del>H017</del>	Low Hazard Special Event	<del>H0172</del>	Each Event
	<del>H018</del>	Medium Hazard Special Event	<del>H0182</del>	Each Event
	<del>H019</del>	High Hazard Special Event	<del>H0192</del>	Each Event
	<del>H020</del>	Special Event – more than 1,000 guests	<del>H0202</del>	Each Event
Pharmacy	<del>H021</del>	In-house Pharmacy Operation	<del>H0211</del>	Per Patient
Medical Equipment	<del>H022</del>	Owned Diagnostic or Treatment Devices**	<del>H0222</del>	Per Inventory Item
	<del>H023</del>	Owned Critical Life Monitoring Equipment***	<del>H0232</del>	Per Inventory Item
Wellness	<del>H024</del>	Wellness Program	<del>H0241</del>	Per Immunization
Thrift Shop	<del>H025</del>	Thrift Shop	<del>H0252</del>	Per \$1,000 gross sales

\* Subject to a minimum of 8 hours per month for any one medical professional.

\*\* Includes treatment devices or equipment other than those used to sustain life or perform critical life monitoring functions.

\*\*\* Includes dialysis or heart/lung machines, apnea monitors, SIDS monitors or any other life dependent monitors, equipment, or devices.

\*\*\*\* Payroll is limited to medical professionals employed by the staffing agency. Do not include the payroll of employees engaged principally in inside activities at the insured premises.

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# ILLINOIS

Staffing Agency Medical Professional Class Groups	
Class Group	Medical Professionals
Non-skilled workers	Homemaker, Home Health Aid, Nurse Aid, Nursing Assistant, Clerical/Administrative
Skilled Workers – low hazard	LPN, Pharmacy Assistant, Lab Technician, EKG Technician, X-ray technician, Radiology Technician, Medical Technician, Certified Medical Assistant, Dietician/Nutritionists
Skilled Workers – medium hazard	RN, Social Worker, Speech Pathologist, Speech Therapist, Dialysis Technician, Enterostomal Therapist, Occupational Therapist
Skilled Workers – high hazard	Physical Therapist, Respiratory Therapist, Phlebotomist, Radiation Therapist

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Bereavement Camp Hazards		
Low Hazard	Medium Hazard	High Hazard
Less than 15 campers	15 to 35 campers	36-100 campers
No overnight campers	No overnight campers	Overnight campers
No sports activities	With sports activities	With or without sports activities

If the characteristics of a camp place it in more than one class, the highest hazard class applicable to the camp will be used.

Special Events Hazards		
Low Hazard	Medium Hazard	High Hazard
<u>Less than 200</u> <u>Up to 350</u> guests	<u>204</u> <u>351</u> to 500 guests <u>and no alcohol served</u>	501 to 1,000 guests <u>and no alcohol served</u>
<u>No alcohol served</u>	<u>Up to 350 guests and alcohol served</u>	<u>351 to 1,000 guests and alcohol served</u>
<u>No Alcohol Served</u>	<u>Alcohol Served</u>	Sports Events w/ Children
<u>Angel Trees</u>	<u>Dances</u>	Water Events
<u>Toy Drives</u>	<u>Casino Nights</u>	Animal Events
<u>Auctions</u>	<u>Sports Events</u>	Vehicle Events
<u>Meals</u>	<u>Carnivals</u>	
<u>Clothing Drives</u>		

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If the characteristics of a Special Event place it in more than one class, the highest hazard class applicable to the event will be used.

**D. ~~D.~~ Base Coverage Rates**

Class Code	Territory Rating/Tier	Base Rates	
		General Liability	Professional Health Care Liability
H001	Cook, Will, DuPage, and Lake Counties	\$0.06	\$0.32
	Remainder of State	\$0.04	\$0.20
H002	Cook, Will, DuPage, and Lake Counties	\$40	\$228
	Remainder of State	\$26	\$147
H003	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H004	Cook, Will, DuPage, and Lake Counties	\$46	\$263
	Remainder of State	\$30	\$169
H005	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H006	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.42
	Remainder of State	\$0.05	\$0.26
H007	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.37
	Remainder of State	\$0.04	\$0.24
H008	Cook, Will, DuPage, and Lake Counties	\$0.07	\$0.42
	Remainder of State	\$0.05	\$0.26
H009	<= 20 Clients – Entire State	<del>\$2,000</del> 200	No Charge
	Each of next 30 Clients – Entire State	<del>\$7977.00</del>	
	Each of next 25 Clients – Entire State	<del>\$4549.50</del>	
	Each of next 25 Clients – Entire State	<del>\$2527.50</del>	
	Each additional Client – Entire State	<del>\$5.50</del>	
H010	Entire State	\$0.50	No Charge
H011	Cook, Madison, St. Clair, and Will Counties	No Charge	<del>\$35,333</del> 23,555
	DuPage, Kane, McHenry, Jackson, Lake, and Vermillion Counties		<del>\$29,145</del> 19,430
	Remainder of State		<del>\$20,145</del> 13,430
H012	Cook, Madison, St. Clair, and Will Counties	No Charge	<del>\$8,833</del> 5,889
	DuPage, Kane, McHenry, Jackson, Lake, and Vermillion Counties		<del>\$7,286</del> 4,858
	Remainder of State		<del>\$5,036</del> 3,358
H013	Entire State	\$100	No Charge
H014	Entire State	\$200	No Charge
H015	Entire State	\$300	No Charge

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# ILLINOIS

H016	Entire State	Refer to Company	No Charge
H017	Entire State	No Charge	No Charge
H018	Entire State	\$250	No Charge
H019	Entire State	\$500	No Charge
H020	Entire State	Refer to Company	No Charge
H021	Base – Entire State	\$38	\$212
	Excess – Entire State	\$0.08	\$0.42
H022	Entire State	\$11	No Charge
H023	Entire State	\$14	No Charge
H024	Base – Entire State	\$0.02	\$0.08
	Excess – Entire State	\$0.01	\$0.04
H025	Entire State	\$4.00	No Charge
H026	Cook, Will, DuPage, and Lake Counties	\$2.27	No Charge
	Remainder of State	\$1.73	No Charge
H027	Entire State	No Charge	\$62
H028	Entire State	No Charge	\$133
H029	Entire State	No Charge	\$164
H030	Entire State	No Charge	\$381

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## E. ~~E~~-Pediatric factor

The rates for classes H001 through H009 are subject to modification to reflect the percent of total care that is pediatric.

Pediatric factor = 1 + (number of pediatric exposures / number of total exposures)

## F. ~~F~~-Sexual Abuse factor

The rates for classes H001 through H010, and H013 through H016 are subject to a modification factor of 1.15 for Sexual Abuse Vicarious Liability. The rate for class H026 is subject to a modification factor of 1.80 for Sexual Abuse Vicarious Liability.

## G. ~~G~~-Medical Malpractice factor

Medical Professional Scheduled? <del>*provide d full coverage?</del>	Underlying Medical Malpractice Policy		Medical Malpractice Factor
	Policy In-force?	Extends coverage to the entity? **	
No <del>****</del>	Yes	Yes	0.05
		No	0.20
	No	N/A	0.20
Yes	Yes	Yes	0.26
		No	0.41
	No	N/A	1.00

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\* ~~scheduled~~ No charge will be made for medical professionals ~~are those listed as additional insureds~~ using named on endorsement ~~HGL303~~ HGL206. All others without full coverage will be named on HGL207.

\*\* I.e., does the medical professional's underlying medical malpractice liability policy extend coverage to the entity for professional healthcare liability due to the wrongful acts of the medical professional?

\*\*\* Note: no charge will be made for medical professionals named on endorsement HGL206.

## H. Board Certified factor

For each medical professional, a credit of 10% (i.e., factor of 0.90) applies if they are board certified.

## H. ~~I~~-Policy Form factor

Years In	HGL101	HGL121	HGL151
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## ILLINOIS

Claims Made*	GL	PL	PL
0	0.64	0.45	0.45
1	0.79	0.70	0.70
2	0.87	0.85	0.85
3	0.92	0.94	0.94
4	1.00	1.00	1.00
5 or more	1.00	1.00	1.00

<u>GL</u>	<u>PL</u>
<u>1.02</u>	<u>1.15</u>

\* Round up to the next highest claims-made year.

**I. ~~J.~~ Deductible factor (if applicable, attach Endorsement HGLIL3)**

Deductible*	Deductible Factor
\$0	1.00
<u>\$10,000</u>	<u>0.96</u>
\$25,000	0.85
\$50,000	0.75
\$100,000	0.60

\* each medical incident or occurrence-

**J. ~~K.~~ Expense Variation factor**

Expense Variation Factor = Expected Loss Ratio underlying the company manual premium / (Expected Loss Ratio underlying the company manual premium minus Expense ratio adjustment for the policy)

**K. ~~L.~~ Employee Benefits Liability (EBL) Coverage (attach the applicable endorsement)**

Employee Benefits Liability coverage is available and can be added by attaching the applicable endorsement. This coverage is rated as follows (which includes a \$1,000 deductible per employee):

$$\begin{aligned} & \text{EBL Base rate} \\ & \times \text{Expense Variation factor} \\ & = \text{EBL manual premium} \end{aligned}$$

Per Occurrence Limit	Aggregate Limit	EBL Base Rate
\$25,000	\$50,000	No Charge
\$50,000	\$50,000	\$100
\$100,000	\$100,000	\$150
\$250,000	\$250,000	\$272
\$500,000	\$500,000	\$368
\$750,000	\$750,000	\$428
\$1,000,000	\$1,000,000	\$470



**L. ~~M.~~ Schedule Rating factor**

Premiums are subject to modification reflecting specific individual characteristics of the risk. All insureds are eligible for the Schedule Rating Plan. Such rate modification may be applied in accordance with the following Schedule Rating Plan, subject to a maximum credit or debit of 25%:

<b>Risk Characteristics</b>	<b>Range of Modification</b>	
	<b><u>Credit</u></b>	<b><u>to</u>   <u>Debit</u></b>
<b>1. <del>Management:</del> Experience in industry, Safety Committee</b>	<del>5%</del>	<del>to   5%</del>
<b>2. <del>Services – Day care services, Infusion therapy, Consulting, Training, Software sales, Other than Hospice/Home Healthcare services</del></b>	<del>0%</del>	<del>to   15%</del>
<b>3. <del>Accreditation – Medicare, JCAHO, ACHC, etc.</del></b>	<del>5%</del>	<del>to   5%</del>
<b>4. <del>Employees &amp; Volunteers – selection &amp; training, supervision, comprehensive background check, qualifications of professionals, employed/contracted physicians</del></b>	<del>10%</del>	<del>to   10%</del>
<b>5. <del>Documented Policies and Procedures: Risk Management program, Quality Assurance program, Sexual Abuse Prevention policy</del></b>	<del>5%</del>	<del>to   5%</del>

N:

<b><u>Risk Characteristics</u></b>	<b><u>Range of Modification</u></b>		
	<b><u>Credit</u></b>	<b><u>to</u></b>	<b><u>Debit</u></b>
<b>1. <u>Management:</u> Experience in industry, Safety Committee</b>	<u>5%</u>	<u>to</u>	<u>5%</u>
<b>2. <u>Services – Day care services, Infusion therapy, Consulting, Training, Software sales, Other than Hospice/Home Healthcare services</u></b>	<u>0%</u>	<u>to</u>	<u>15%</u>
<b>3. <u>Accreditation – Medicare, JCAHO, ACHC, etc.</u></b>	<u>5%</u>	<u>to</u>	<u>5%</u>

## ILLINOIS

- 4. Employees & Volunteers – selection & training, supervision, Qualifications of professionals, employed/contracted physicians** 10% to 10%
- 5. Documented Policies and Procedures: Risk Management program, Quality Assurance program** 5% to 5%

### M. Policy Premium

The policy premium is calculated as follows:

- Step 1**
- Total General Liability Base Coverage manual premium
  - + Total Professional Health Care Liability Base Coverage manual premium
  - + Employee Benefits Liability manual premium
  - = Policy manual premium
- Step 2**
- Policy manual premium
  - X Schedule Rating factor
  - = Annual Policy premium (subject to a \$1,000 minimum, pro-rated for other than annual policy terms. Waive additional or return premium of \$15 or less. However, any return premium requested by the insured must be granted.)

### N. ~~Q~~ Supplemental Extended Reporting Period Coverage (SERP)

When coverage was provided on a claims-made basis, Supplemental Extended Reporting Period coverage is available separately for General Liability, Professional Healthcare Liability, and Employee Benefits Liability.

#### a. SERP Rating Formulas

- General Liability SERP (attach endorsement HGL315)**  
(General Liability SERP rate)  
X General Liability expiring annual policy premium  
= General Liability SERP premium
- Professional Healthcare Liability SERP (attach endorsement HGL309)**  
(Professional Healthcare Liability SERP rate)  
X Professional Healthcare Liability expiring annual policy premium  
= Professional Healthcare Liability SERP premium
- Employee Benefits Liability SERP (attach endorsement HGL310)**  
EBL SERP rate  
X EBL expiring annual policy premium  
= Employee Benefits Liability SERP premium

#### b. SERP Rates

Years of SERP Coverage	General Liability	Employee Benefits Liability	Professional Healthcare Liability
<del>1 Year</del> 1 Year	0.750	0.750	1.000
3 Years	1.250	1.250	1.500
5 Years	1.750	1.750	2.000
Unlimited	2.000	2.000	Not Available

#### c. SERP Conditions

The availability of the SERP options shall be governed by the following rules:

- The available limits of liability shall not exceed those afforded under the expiring claims-made policy; and

## ILLINOIS

2. The Employee Benefits Liability SERP is not available unless the General Liability SERP is also purchased, and the years of SERP coverage for Employee Benefits Liability must be the same as the years of SERP coverage for General Liability; and
3. The insured may purchase a SERP if the policy is cancelled or nonrenewed for any reason, provided:
  - a. The insured requests the SERP, in writing, within 60 days of the non-renewal or cancellation of the policy; and
  - b. The insured pays the premium (in full) promptly, when due.

### **O. P. Endorsements**

The following **endorsements** are available. Refer to each endorsement for specific details. Unless otherwise noted, there is no premium impact associated with these endorsements.

1. Illinois Deductible Liability Insurance (HGLIL3) – this endorsement may be used to provide the insured with a deductible. Refer to Section ~~JL~~ of the rating rules for deductible credit factors.
2. Illinois Employee Benefits Liability Coverage (HGLIL2) – this endorsement may be used to provide Employee Benefits Liability Coverage for damages arising out of negligent acts, errors or omissions in the insured's administration of employee benefits programs. Refer to Section K. of the rating rules for the charge for this coverage.
3. Pharmacy Amendatory (HGL316) – this endorsement may be used to provide liability coverage for pharmacies which service the general public.
4. Legal Expense Reimbursement (HGL102) – this endorsement may be used to provide reimbursement for legal expenses resulting from an action instituted against the insured by any federal, state, or local agency resulting from the insured's participation in Medicare, Medicaid programs or similar government healthcare programs.
5. Blanket Additional Insured (HGL304) – this endorsement may be used to provide that anyone added as an additional insured on a certificate of insurance, other than Health Care Professionals, will be an additional insured under the policy.
- ~~6. Additional Insured – Scheduled Medical Professionals (HGL303) – this endorsement may be used to include scheduled medical professionals as additional insureds. Refer to section B. of the rating rules for the determination of premium for each scheduled medical professional.~~
- ~~7.6.~~ Additional Insured – Designated Person or Organization (HGL307) – this endorsement may be used to include a designated person or organization as an additional insured.
- ~~8.7.~~ Additional Insured – Lessor (HGL308) – this endorsement may be used to include the owners of a property leased by the named insured as an additional insured.
- ~~9.8.~~ Exclusion of Specific Accidents or Incidents (HGL200) – this endorsement may be used to exclude liability arising out of previous specific accidents or incidents.
- ~~10.9.~~ Exclusion of Specific Activity or Event (HGL201) – this endorsement may be used to exclude liability arising out of a specific activity or events.
- ~~11.10.~~ Exclusion – Designated Operations (HGL203) – this endorsement may be used to exclude liability arising out of designated operations conducted by the named insured.
- ~~12.11.~~ Exclusion – All Hazards in Connection with Designated Premises (HGL204) – this endorsement may be used to exclude liability arising out of the ownership, maintenance, or use of the designated premises.

## ILLINOIS

- 13.12. Exclusion – Designated Contract(s) (HGL205) – this endorsement may be used to exclude liability assumed by the named insured under a designated contract.
- 14.13. Exclusion of Vicarious ~~and Individual~~ Liability for Specified Medical Professionals (HGL206) – this endorsement may be used to exclude liability arising out of medical incidents committed by medical professionals specified in the endorsement.
- 14. Individual Professional Liability Exclusion for Specified Medical Professionals (HGL207) – this endorsement may be used to exclude Coverage C for medical professionals specified in the endorsement.
- 15. Amendment – Clinical or Experimental Trials Exclusion (HGL202) – this endorsement may be used to provide liability coverage arising from specified clinical or experimental trials conducted by the named insured as described in the schedule.
- 16. Supplemental Extended Reporting Period Endorsement – General Liability (HGL315) – this endorsement may be used to provide an extended reporting period for General Liability coverage. This endorsement is not applicable to HGL121 or HGL151. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
- 17. Supplemental Extended Reporting Period Endorsement – Professional Liability (HGL309) ~~–~~ this endorsement may be used to provide an extended reporting period for Professional Liability coverage. This endorsement is not applicable to HGL151. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
- 18. Supplemental Extended Reporting Period Endorsement – Employee Benefits Liability (HGL310) ~~–~~ this endorsement may be used to provide an extended reporting period for Employee Benefits Liability coverage. Refer to the Supplemental Extended Reporting Period section in the rating rules for the charge.
- 19. Cancellation Endorsement (HGL300) – this endorsement clarifies the cancellation effective date.
- 20. Illinois Changes (HGLIL1) – this is a mandatory endorsement in order to comply with state requirements. Attach to all policies.
- 21. Illinois Changes – Sexual Abuse Vicarious Liability (HGLIL4) – this is a mandatory endorsement to comply with state requirements. Attach to all policies.
- 22. Illinois Changes – Defense Costs (HGLIL5) – this endorsement is mandatory. Attach to all policies.
- 23. Amendatory Endorsement (HGL320, HGLIL9, or HGL324HGLIL8) – this endorsement clarifies that Medical Directors, physicians, etc., who were previously insured under a Hospice and Home Health Care Policy issued by us, are insureds under the current coverage form. HGL320 must be attached to all policies using HGL101; HGL324HGLIL9 must be attached to all policies using HGL151; HGLIL8 must be attached to all policies using HGL121.
- 24. Mobile Equipment Subject to Motor Vehicle Laws (GGL300) – this endorsement amends the definitions of auto and mobile equipment to consider “any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle law” as autos, and not as mobile equipment. Attach to all policies.
- 25. Amendment of Coverage – Medical Staffing Services (HGL326) – this endorsement may be used to provide coverage for medical staffing services.
- 26. Illinois Changes (~~HGLIL06~~HGLIL6) – this endorsement is mandatory. ~~HGLIL06~~HGLIL6 must be attached to all policies using HGL101 or HGL121.

**P. ~~Q.~~ Enabling Rule**

The rules, rates, forms, and classifications in this manual ~~make up the Hospice And Community Care Insurance Services Professional/General Liability Program and~~ may not be amended unless specifically permitted. However, any other rules, rates, or forms filed and approved for use by AAIC may apply when not in conflict with the ~~Hospice And Community Care Insurance Services Program~~rates/rules in this manual.

**Q. ~~R.~~ Premium Installment Rule**

With regard to premium payment plans:

All quarterly installment premium payment plans shall include the minimum standards listed below. Quarterly installment premium payment plans can differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below:

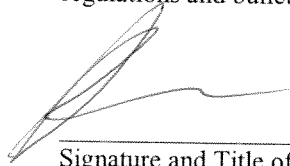
1. An initial payment of no more than 40% of the estimated total premium is due at policy inception;
2. The remaining premium must be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
3. No interest charges can apply;
4. Installment charges or fees can be no more than 1% of the total premium or \$25.00, whichever is less;
5. Any additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**ILLINOIS CERTIFICATION FOR  
MEDICAL MALPRACTICE RATES**

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Ignacio Rivera, a duly authorized officer of American Alternative Insurance Corporation, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Chris Claus, a duly authorized actuary of American Alternative Insurance Corporation, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

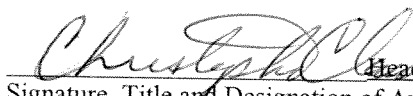


Asst Gen Counsel & Asst Secy

Signature and Title of Authorized Insurance Company Officer

4-4-12

Date



Head of Pricing, Specialty Insurance Division, FCAS, MAAA

Signature, Title and Designation of Authorized Actuary

4-4-12

Date

Insurance Company FEIN 52-2048110

Filing Number AMLX-G128181198

Insurer's Address 555 College Road East

City Princeton State NJ Zip Code 08543

Contact Person's:

-Name and E-mail

Beth MacDougall (bmacdougall@munichreamerica.com)

-Direct Telephone and Fax Number

Beth MacDougall – 609-275-2109

Fax – 609-275-2147

## **AMERICAN ALTERNATIVE INSURANCE CORPORATION**

### **DIRECTORS**

Giuseppina C. Albo  
Charles A. Bryan  
James J. Butler  
Anthony J. Kuczinski  
M. Steven Levy  
Stephen J. Morello  
Craig R. Smiddy  
George T. Van Gilder  
Robin H. Willcox

### **Officers**

Anthony J. Kuczinski  
Craig R. Smiddy  
Daniel Fisher  
M. Steven Levy  
Melissa A. Salton  
Robin H. Willcox

Denise Ambrogio  
Arunjit S. Ahluwalia  
Stephen J. Corbett  
Peter A. Dolinac  
Paul Gelter  
Robert Goldberg  
Barbara C. Goryca  
W. Todd Gray  
Craig W. Howie  
Kenneth J. Jenkins  
Juergen Kammerlohr  
Charles Kroh  
Rita Mutter  
Lambert Muhr  
Guy E. Perinotti  
Dennis E. Robich  
Joseph D. Sabol  
Thomas Toth  
Daniel H. Umphress  
Mark A. Van Emburgh  
M. Patricia Casey  
Dennis M. Hughes  
Ignacio Rivera  
Michael Petrocik

Chairman and Chief Executive Officer  
President  
Senior Vice President & Head of Human Resources  
Senior Vice President & Chief Financial Officer  
Senior Vice President and Chief Risk Officer  
Senior Vice President, General Counsel and  
Secretary  
Chief Reserving Actuary  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President and Controller  
Vice President and Chief Underwriting Officer  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President - Tax  
Associate General Counsel and Assistant Secretary  
Assistant General Counsel  
Assistant General Counsel and Assistant Secretary  
Products and Project Manager

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ILLINOIS CHANGES

This endorsement modifies insurance under the following:

HOSPICE AND HOME HEALTH CARE LIABILITY COVERAGE FORM

**The following changes apply to Hospice and Home Health Care Liability Coverage Forms HGL101 and HGL121:**

**A. Your Right To Claim, Medical Incident and Occurrence Information of CONDITIONS (SECTION IV) is deleted and replaced by the following:**

**Your Right To Claim, Medical Incident and Occurrence Information**

- a. Subject to paragraph e. below, we will provide the first Named Insured shown in the Declarations, within thirty (30) days of the insured's written request or at the same time as any notice of cancellation or nonrenewal, the following "claim", "medical incident" and "occurrence" information relating to claims-made coverages we have issued to you within the last three years:
    - (1) Information concerning closed "claims" limited to the date and description of "medical incident" or "occurrence" and total amount of payments, if any;
    - (2) Information concerning open "claims" limited to the date and description of "medical incident" or "occurrence", total amount of payments and total reserves, if any; and
    - (3) Information concerning "medical incidents" or "occurrences" not included in subparagraphs (1) and (2) above limited to the date and description of "medical incident" or "occurrence" and total reserves, if any.
  - b. Subject to paragraph e. below, we will provide the first Named Insured shown in the Declarations, within twenty (20) days after receipt of written request by the Named Insured, detailed "claim", "medical incident" and "occurrence" information in addition to that provided under paragraph a. above and including specific reserve amounts.
  - c. Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.
  - d. We compile "claim", "medical incident" and "occurrence" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured we make no representations or warranties to insureds, insurers or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate information.
  - e. We will not provide the information included in paragraphs a. and b. above, if this policy has been cancelled for nonpayment of premium, material misrepresentations or fraud on the part of the insured.
- B. With respect to Hospice and Home Health Care Liability Coverage Form HGL101, Paragraph 3. of EXTENDED REPORTING PERIODS (SECTION V) is deleted and replaced by the following:**
3. a. With respect to **COVERAGES A and B**, a Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for:
    - (1) Five years with respect to "claims" because of "bodily injury" and "property damage" arising out of an "occurrence" reported to us, not later than 60 days after the end of the policy period, in accordance with Paragraph 2.a. of **Duties In The Event Of Occurrence, Offense, Claim Or Suit Condition (SECTION IV – CONDITIONS)**;
    - (2) Five years with respect to "claims" because of "personal and advertising injury" arising out of an offense reported to us, not later than 60 days after the end of the policy period, in accordance with Paragraph 2.a. of **Duties In The Event Of Occurrence, Offense, Claim Or Suit Condition (SECTION IV – CONDITIONS)**; and



(3) Sixty days with respect to "claims" arising from "occurrences" or offenses not previously reported to us.

- b. With respect to **COVERAGE C**, a Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for sixty days with respect to "claims" arising out of "medical incidents" not previously reported to us.

The Basic Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance you purchase, or that would be covered but for the exhaustion of the amount of insurance applicable to such "claims".

The Basic Extended Reporting Period does not reinstate or increase the Limits of Insurance.

C. Paragraph 4.c. under **SECTION V – EXTENDED REPORTING PERIODS** is replaced by the following:

- c. We will determine the additional premium in accordance with our rules and rates in effect at the later of the date the policy was issued or last renewed. In doing so, we may take into account the following:

- (1) The exposures insured;
- (2) Previous types and amounts of insurance;
- (3) Limits of Insurance available under this policy for future payment of damages; and
- (4) Other related factors.

The additional premium will not exceed 200% of the annual premium for this Policy.

We will not charge a different premium due to any change in our rates, rating plans or rating rules subsequent to issuance or last renewal of the policy. The premium for the Supplemental Extended Reporting Period shall be commensurate with the coverage provided.

D. The following definition is added under **SECTION VI – DEFINITIONS**:

"Retroactive date" means the date stated on the policy declarations page that is the first day for which coverage will be afforded under the policy for a covered claim and may or may not be the same as the policy inception date.

SERFF Tracking Number: AMLX-G128181198 State: Illinois

Filing Company: American Alternative Insurance Corporation State Tracking Number: AMLX-G128181198

Company Tracking Number: IL031450100057

TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0004 Community Health Centers  
Made/Occurrence

Product Name: Hospice and Community Care Insurance Services Prog

Project Name/Number: 2012 Hospice GL/PL Rate Reviews & Forms/IL031450100057

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

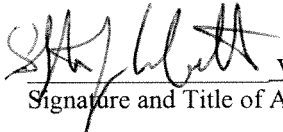
Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
03/21/2012	Supporting Certification Document		04/04/2012	Rate Certification.PDF (Superceded) Officer List - AAIC 11 11.PDF (Superceded)


**ILLINOIS CERTIFICATION FOR  
MEDICAL MALPRACTICE RATES**

**(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.**

I, Stephen Corbett, a duly authorized officer of American Alternative Insurance Corporation, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Chris Claus, a duly authorized actuary of American Alternative Insurance Corporation, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

 Vice President 3-19-12  
Signature and Title of Authorized Insurance Company Officer Date

 Head of Pricing, Specialty Insurance Division, FCAS, MAAA 3-19-12  
Signature, Title and Designation of Authorized Actuary Date

Insurance Company FEIN 52-2048110 Filing Number AMLX-G128181198

Insurer's Address 555 College Road East

City Princeton State NJ Zip Code 08543

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## **AMERICAN ALTERNATIVE INSURANCE CORPORATION**

### **DIRECTORS**

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James J. Butler  
Anthony J. Kuczinski  
M. Steven Levy  
Stephen J. Morello  
Craig R. Smiddy  
George T. Van Gilder  
Robin H. Willcox

### **Officers**

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Juergen Kammerlohr  
Charles Kroh  
Rita Mutter  
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Dennis E. Robich  
Joseph D. Sabol  
Thomas Toth  
Daniel H. Umphress  
Mark A. Van Emburgh  
M. Patricia Casey  
Dennis M. Hughes  
Ignacio Rivera  
Michael Petrocik

Chairman and Chief Executive Officer  
President  
Senior Vice President & Head of Human Resources  
Senior Vice President & Chief Financial Officer  
Senior Vice President and Chief Risk Officer  
Senior Vice President, General Counsel and  
Secretary  
Chief Reserving Actuary  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President and Controller  
Vice President and Chief Underwriting Officer  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President  
Vice President - Tax  
Associate General Counsel and Assistant Secretary  
Assistant General Counsel  
Assistant General Counsel and Assistant Secretary  
Products and Project Manager